



Edmund G. Brown Jr.
Governor

Matthew Rodriguez
Secretary for Environmental Protection

MEMORANDUM

TO: Greenhouse Gas Reduction Fund Program

FROM: Matthew Rodriguez
Secretary
California Environmental Protection Agency

Scott Smithline
Director
Department of Resources Recycling and Recovery

DATE: October 31, 2018

SUBJECT: GREENHOUSE GAS REDUCTION FUND:
Department of Resources Recycling and Recovery


EXPENDITURE RECORD FOR FISCAL YEAR 2017-18
Food Waste Prevention and Rescue Grant Program, Cycle 3

This Attestation Memorandum documents that the Department of Resources Recycling and Recovery completed the attached Expenditure Record on October 18, 2018, for the Food Waste Prevention and Rescue Grant Program, fiscal year 2017–18. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 and with the California Air Resources Board (CARB) Funding Guidelines for Agencies that Administer California Climate Investments to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Michelle Martin at Michelle.Martin@calrecycle.ca.gov or 916-341-6116.

Attachments

cc: Matthew Botill, Branch Chief, California Air Resources Board
Ryan Huft, Manager, California Air Resources Board
Ken DaRosa, Chief Deputy Director, CalRecycle
Howard Levenson, Deputy Director, CalRecycle
Brenda Smyth, Branch Chief, CalRecycle
Michelle Martin, Branch Chief, CalRecycle


Matthew Rodriguez
Secretary
California Environmental Protection Agency


Scott Smithline
Director
Department of Resources Recycling and Recovery

Greenhouse Gas Reduction Fund: Expenditure Record

CalRecycle
Food Waste Prevention and Rescue Grant Program

Authorizing legislation: Item 3970-101-3228 of the Budget Act of 2017, as amended by AB 109 (Chapter 249, Statutes of 2017) appropriates \$40,000,000 to CalRecycle for Greenhouse Gas Reduction Grant Programs.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none"> Department of Resources Recycling and Recovery (CalRecycle)
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none"> The amounts reflected in this Expenditure Record are based on the FY 2017—18 authority amount of \$40,000,000 per appropriation 3970-101-3228. CalRecycle has awarded \$25,109,441 to the Organics Grant Program Cycle 3, FY 2017—18 and \$4,390,000 to the Food Waste Prevention and Rescue Grant Program Cycle 2, FY 2017—18, leaving \$8,502,050 in unspent funds. Of the \$8,502,050, approximately \$5,750,000 will be allocated for the Food Waste Prevention and Rescue Grant Program Cycle 3, FY 2018—19. Any remaining funds may be allocated to either the Recycled Fiber, Plastic, and Glass (FPG) Grant Program, Organics (ORG) Grant Program, or activities related to the GHG programs. Allocations to each of the programs are dependent on the number of qualified applications received and CalRecycle plans to expend the full allocation.
<input type="checkbox"/> Estimated amount of expenditures for administering agency administrative costs	<p>Of the \$40,000,000, approximately \$2,000,000 went to CalRecycle for State Operations costs in FY 2017—18 and FY 2018—19 for the programs administered by CalRecycle. CalRecycle will reduce administrative expenses when feasible and will continue to track the amount of funds expended on CalRecycle staff.</p>
<input type="checkbox"/> If applicable, identify laws or regulations that govern how funds will be used	<ul style="list-style-type: none"> PRC section 42999: <ul style="list-style-type: none"> (a) Any additional funds appropriated by the Legislature from the Greenhouse Gas Reduction Fund (GGRF), established pursuant to Section 16428.8 of the Government Code, to the

department shall be used to administer a grant program to provide financial assistance to reduce the emissions of greenhouse gases (GHG) by promoting in-state development of infrastructure, food waste prevention, or other projects to reduce organic waste or process organics and other recyclable materials into new, value-added products. The moneys shall be expended consistent with the requirements of Article 9.7 (commencing with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code and Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code.

(b) For moneys appropriated for purposes of this section, the department shall provide grants, incentive payments, contracts, or other funding mechanisms to public and private entities for in-state infrastructure projects or other projects that reduce the emissions of greenhouse gases by any of the following:

- (1) Organics composting.
- (2) Organic in-vessel digestion.
- (3) Recyclable material manufacturing.
- (4) Activities that expand and improve waste diversion and recycling, including, but not limited to, food waste prevention.

(c) For purposes of this section, eligible infrastructure projects that reduce greenhouse gas emissions include, but are not limited to, any of the following:

- (1) Capital investments in new facilities and increased throughput at existing facilities for activities, such as converting windrow composting to aerated-static-pile composting to use food waste as feedstock.
- (2) Designing and constructing organics in-vessel digestion facilities to produce products, such as biofuels and bioenergy, and soil amendments.
- (3) Designing and constructing facilities for processing recyclable materials.

(d) In awarding a grant for organics composting or anaerobic digestion pursuant to this section, the department shall consider all of the following:

- (1) The amount of greenhouse gas emissions reductions that may result from the project.
 - (2) The amount of organic material that may be diverted from landfills as a result of the project.
 - (3) If, and how, the project may benefit disadvantaged communities.
 - (4) For a grant awarded for an anaerobic digestion project, if, and how, the project maximizes resource recovery.
-

including the production of clean energy or low-carbon or carbon negative transportation fuels.

(5) Project readiness and permitting that the project may require.

(6) Air and water quality benefits that the project may provide.

(e) To the degree that funds are available, the department may provide larger grant awards for large-scale regional integrated projects that provide cost-effective organic waste diversion and maximize environmental benefits.

- SB 970 (Leyva, Chapter 365, Statutes of 2016) requires CalRecycle to consider certain factors when awarding grants for organic recycling projects such as the amount of GHG emission reductions and the amount of organic material that may be diverted from landfills. It also permits the department to provide larger grant awards for large-scale regional integrated projects that provide cost-effective organic waste diversion and maximize environmental benefits. These changes were incorporated in SB 859 (Committee on Budget and Fiscal Review, Chapter 368, Statutes of 2016) including trailer bill language that is specified above.
- AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.

☐ Continuation of existing Expenditure Record

- The FY 2017—18 expenditures covered by this Expenditure Record will support a continuing program that will fund some of the same types of projects that have been previously funded under an existing Expenditure Record.

☐ Project type(s)

- Eligible projects must be located in California and result in permanent, annual and measurable reductions in GHG emissions attributed to the production, processing, packaging, distribution, and landfilling of California-generated food materials. Additionally, projects must prevent new food materials or rescue new food materials which would normally be destined for disposal in a landfill.
Eligible projects include:
 - Food waste prevention projects that prevent food waste from being generated and becoming waste normally destined for landfills. Examples include, but are not

limited to: modernizing production and handling practices to prevent and reduce food preparation waste; identifying and modifying ordering practices that result in measurable decreases in food waste; education and outreach programs that result in quantifiable reductions in food waste.

- Food rescue projects that result in edible food being rescued and distributed to people. Food waste residuals from the project should be composted, sent to a digester, or otherwise diverted from landfills, if those services are available in the jurisdiction where the project is located.
- The minimum grant award is \$50,000 and the maximum grant award is \$500,000 per application.

☐ Describe the projects and/or measures that will be eligible for funding

- Appropriated funds are to be used for infrastructure costs such as equipment that will support the expansion of existing projects or establishment of new Food Waste Prevention and Rescue Grant projects. A portion of the awarded funds may be used for salaries, public education, outreach, and food waste prevention or food recovery software costs. Sustainable management of food will result in reduced greenhouse gas emissions.
- Projects resulting in a net increase of GHG emissions are ineligible and will not be recommended for funding.

☐ Intended recipients

- Local governments (cities, counties, or cities and counties).
- Cities, counties, and cities and counties as defined in Public Resources Code section 30109.
- Regional or local sanitation agencies, waste agencies, or Joint Powers Authorities.
- Nonprofit organizations (except private schools) registered with the federal government under 501(c)3, (c)4, (c)6 or (c)10 of the Internal Revenue Code.
- B-Corp and Benefit Corporations.
- Private, for-profit entities. A "private, for-profit entity" is defined as a business intended to operate at a profit and return a profit to its owners. The business must be qualified to do business in California and be in good standing with all applicable California state agencies, including, but not limited to, the Secretary of State and the Franchise Tax Board. Any and all

	<p>subsidiaries, divisions or affiliated businesses are considered part of the primary business entity for the purpose of applying for and receiving a grant award. A business is considered an "affiliated business" if it has at least one owner with a forty (40) percent or greater interest in another applicant business.</p> <ul style="list-style-type: none"> ▪ State or federal agencies (including offices, department, bureaus, and boards). ▪ University of California campuses, California State University campuses, or the California Community College campuses. ▪ Solid Waste Facilities. ▪ Public School Districts. ▪ Qualifying Indian Tribes, defined as an Indian tribe, band, nation or other organized group or community, residing within the borders of California, which: <ul style="list-style-type: none"> 1. Is recognized for special programs and services provided by the United States to Indians because of the status of its members as Indians; or 2. Can establish that it is a government entity and which meets the criteria of the grant program.
<p><input type="checkbox"/> Program structure and process for selecting projects for funding</p>	<ul style="list-style-type: none"> ▪ CalRecycle anticipates releasing the Food Waste Prevention and Rescue Grant Program applications in October 2018 with announcement of awards in February 2019. ▪ Selection process: <ul style="list-style-type: none"> ○ Grants will be evaluated and scored by a CalRecycle scoring panel based on the scoring criteria approved by CalRecycle's Director. ○ Scoring criteria will include the following categories: <ul style="list-style-type: none"> • GHG Emission Reductions and Project Viability • Community Benefits ○ Staff anticipates using the same streamlined scoring approach and process from previous cycles for the Food Waste Prevention and Rescue Grant Program FY 2017–18, Cycle 3. In this approach, two components of the project are scored (scoring categories) and each category equates to specific points of the total score. ○ All eligible proposals will be ranked according to the total number of points received. An application may receive a maximum of 100 possible points. Projects will be ranked according to the highest score. Applicants must receive a minimum passing score of 50 points to be considered for funding. Projects scoring less than 50 points will be disqualified for not meeting the minimum passing score. ○ Applications that meet the requirements will be recommended for funding. Grant recommendations will be ranked in order according to each applicant's score (highest

passing score to lowest passing score) until funds are exhausted. In an event of a tie between applicants with the same overall score, funding order will be determined by cost effectiveness, based on grant dollars per ton of GHG emission reductions. If after this process, applicants remain tied, the Post Score Review Team shall make the recommendation as to which applicant, if any, shall receive an award or portion of an award, in a manner that is both fair and equitable. For qualifying applications, CalRecycle staff developed grant funding recommendations for the consideration and approval of CalRecycle's Director, or his designee; scheduled in February 2019.

- o CalRecycle reserves the right to partially fund or fund individual phases of selected proposals, and CalRecycle may fund an amount less than requested. To ensure successful completion for projects that are partially funded by CalRecycle, applicants are required to submit financial information including other funding sources, which are taken into consideration by CalRecycle.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

- | | |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> How the expenditure is consistent with the Investment Plan and the Scoping Plan | <ul style="list-style-type: none"> ▪ The Cap-and-Trade Auction Proceeds Second Investment Plan lists waste diversion as an eligible investment, specifically: reducing GHG emissions through "increased in-state diversion of municipal solid waste from disposal through waste reduction, recycling, composting, and reuse." ▪ The 2017 Scoping Plan Update identifies the need for material diversion from landfills to preserve resources and minimize landfill gas production, specifically highlighting the benefits of the diversion of organics from the waste stream to composting or digestion facilities. Food waste is highlighted as the largest component of organics disposed in landfills. The 2014 Scoping Plan Update describes the potential for the waste sector to achieve reductions of as much as 20-30 million metric tons CO₂e through diversion efforts, and the 2017 Scoping Plan Update further estimates that 100,000 green jobs could be generated by meeting statewide recycling goals. In state, total emissions from composting and landfill operations are estimated to be 8.8 million metric tons, which is primarily from organic materials (<i>CARB's Greenhouse Gas Inventory Data</i>). This is supported by various models and studies, including the |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

U.S. EPA Waste Reduction Model (WARM), CARB's Low Carbon Fuel Standard pathways for in-vessel digestion, CARB's official emission reduction factors (e.g., for composting and recycling).

Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Describe how expenditures will facilitate the achievement of GHG emission reductions in the State | <ul style="list-style-type: none"> ▪ Expenditures will achieve GHG emission reductions by expanding existing capacity or establishing new food waste prevention and/or rescue projects in California to reduce the GHG emissions from the production, processing, packaging, distribution, and landfilling of food materials. |
| <input type="checkbox"/> Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained | <ul style="list-style-type: none"> ▪ GHG emission reductions will begin to accrue shortly after grant awards are made, equipment or software installation is completed, and projects are fully implemented. GHG emission reductions should begin for most projects in calendar year 2019, increase as projects become fully implemented, and then continue at maximum levels for the term of the grant project. GHG emissions that result from avoided landfill methane emissions will continue into the future since the waste is diverted from landfills. |

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency | <ul style="list-style-type: none"> ▪ The food rescue projects will yield economic, environmental, and public health co-benefits. These projects will provide California jobs both during project implementation and afterward. ▪ Food waste prevention projects involving reduced transport distances for hauling material will result in additional GHG emission reductions and reduced emissions of toxic pollutants and fine particulates. |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

<input type="checkbox"/> How the project will support other objectives of AB 32 and related statutes	<ul style="list-style-type: none"> ▪ Directs public and private investment towards disadvantaged and low-income communities in California due to the design of the scoring criteria. ▪ Maximizes additional environmental and economic co-benefits for California. ▪ Provides an opportunity for small businesses, schools, and other community institutions to participate in and benefit from statewide efforts to reduce GHG emissions.
<input type="checkbox"/> Percentage of total funding that will be expended for projects that are located in and benefit priority populations ¹ per CARB guidance	<ul style="list-style-type: none"> ▪ CARB's 2018 Funding Guidelines included minimum percentages of projects meeting disadvantaged and low-income community targets. CalRecycle aims to surpass the minimum percentage requirements to fund a minimum of 25 percent of projects benefiting disadvantaged communities, 5 percent of projects benefiting low-income households or low-income communities anywhere in the state, and 5 percent of funded projects benefiting low-income households that are outside of, but within ½-mile of, disadvantaged communities or low-income communities that are outside or, but within ½-mile of, disadvantaged communities. Disadvantaged communities are those identified using CalEnviroScreen version 3.0.
<input type="checkbox"/> Describe the benefits to priority populations per CARB guidance	<ul style="list-style-type: none"> ▪ These expenditures can support projects that provide direct, meaningful, and assured benefits to disadvantaged and/or low-income communities and meaningfully address an important community need. CalRecycle will prioritize projects that meet the criteria for providing benefits to disadvantaged and/or low-income communities listed in CARB's 2018 Funding Guidelines Benefit Criteria Table(s) (Waste Diversion and Utilization, and Jobs Training and Workforce Development) and meaningfully address an important community need (as described in Table 5 of CARB's 2018 Funding Guidelines).

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B for more information on the definitions of priority populations.

<input type="checkbox"/> Explain strategies the administering agency will use to maximize benefits to disadvantaged communities	<ul style="list-style-type: none"> ▪ Investment in waste diversion projects can provide access to jobs/job training for disadvantaged and/or low-income community residents, locate food rescue projects to increase food access in disadvantaged and/or low-income communities, and/or divert waste from landfills located in disadvantaged and/or low-income communities, among other benefits.
---------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<input type="checkbox"/> Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens	<ul style="list-style-type: none"> ▪ CalRecycle is using the following strategies to maximize community benefits: <ul style="list-style-type: none"> ○ Requesting that applicants contact disadvantaged or low-income community representatives to discuss their project and provide education regarding food waste prevention and/or reduction. ▪ Providing outreach using a variety of approaches such as holding workshops to solicit input from community members and stakeholders, and increase participation and accessibility; providing technical and business assistance to all communities; distributing funding and application information via statewide listservs; and promoting the grant programs through presentations to numerous food waste prevention, rescue, and recycling stakeholder groups.
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<input type="checkbox"/> Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens	<ul style="list-style-type: none"> ▪ CalRecycle will post a list of recommended projects with identified disadvantaged and low-income communities on the Food Waste Prevention and Rescue Grant Program's webpage for at least 10 days prior to award and will send out messages via the GHG Reduction and Environmental Justice listservs. If feedback is received, CalRecycle may make programmatic adjustments to recommended projects to avoid potential burdens to disadvantaged and low-income communities. These types of projects generally provide benefits to disadvantaged communities and low-income communities and the burdens are typically minimal.
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

<input type="checkbox"/> How the administering	
------------------------------------------------	--

<p>agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance</p>	<ul style="list-style-type: none"> ▪ Grantees are required to submit quarterly progress reports and a final report at the close of the grant project. ▪ A post-grant term annual survey may be requested every year for three years after the end of the grant term. ▪ Project tracking and reporting will be conducted as described in CARB's 2018 Funding Guidelines.
<p><input type="checkbox"/> Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion.</p>	<ul style="list-style-type: none"> ▪ Grantees will calculate the net GHG emission reductions from waste diversion projects using the CARB approved Food Waste Prevention and Rescue Program Quantification Methodology and Calculator Tool as found at www.arb.ca.gov/ccr-resources. ▪ CalRecycle will work closely with CARB staff to refine GHG emission reduction quantification methodologies and estimates to ensure that only projects with net GHG reductions are funded with GGRF.
<p><input type="checkbox"/> Type of information that will be collected to document results, consistent with CARB guidance</p>	<ul style="list-style-type: none"> ▪ To determine the job creation benefits, CalRecycle will compile data from funded recipients consistent with CARB's 2018 Funding Guidelines. ▪ CalRecycle will collect data on project location, baseline and estimated GHG emissions, expected quantification period, and other data as specified in CARB's 2018 Funding Guidelines. ▪ Grantees will be required to report on data required by CARB's 2018 Funding Guidelines which includes expenditure amounts, project description locations, and status, greenhouse gas emission reductions and tons of food diverted from landfills, estimates of other applicable co-benefits, jobs created, and description of benefits to disadvantaged and/or low-income communities.
<p><input type="checkbox"/> How the administering agency will report on program status</p>	<ul style="list-style-type: none"> ▪ CalRecycle will provide bi-annual updates on expenditures, project statuses, and benefits in reports prepared according to CARB's 2018 Funding Guidelines. At a minimum, the reports will include expenditure amounts, project description and locations, current estimates of GHG emission reductions and tons of material diverted from landfills, estimates of other applicable co-benefits, jobs created, and description of benefits to disadvantaged and/or low-income communities and associated census tracts for those communities. In addition, CalRecycle will provide periodic updates on the programs' status at its regular monthly public meetings.

